

# 2008-2009 PERFORMANCE PLAN – Interim Chief Investment Officer (A. Stausboll)

## Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
35%	Total Fund	Excess return in basis points relative to: Total Fund Performance Benchmark. (SJ1CA1 - CPERSTO2)	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5
35%	Subtotal	Quantitative Measures	

## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
3525%	Interim Leadership and Management of Investment Office Leadership	<p>To enhance the alignment between the Investment Office culture and business strategy, provide oversight and direction to accomplish the following:</p> <ul style="list-style-type: none"> <li>• Achieve 90% participation in 360° evaluation process by investment managers</li> <li>• By 3/31/09, complete team building and leadership development program for all INVO employees, including follow up survey to measure success of outcomes</li> </ul> <p><u>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and the external investment community as follows:</u></p> <p><u>Officewide:</u></p> <ul style="list-style-type: none"> <li>• <u>Employee Performance and Development -- By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans</u></li> </ul> <p><u>Achieve 90% participation in the 360° evaluation process by investment managers</u> <b>Individual:</b></p> <ul style="list-style-type: none"> <li>• <u>360 Feedback Process –</u> <ul style="list-style-type: none"> <li>➢ <u>By 9/30/08 begin the individual 360 feedback survey assessment process</u></li> <li>➢ <u>By 9/30/08 identify one to two areas of personal development</u></li> <li>➢ <u>By 6/30/09 participate in all personal coaching sessions</u></li> <li>➢ <u>Employee Mentoring and Recognition – By 6/30/09 take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge)</u></li> </ul> </li> </ul>	From Schedule

## Qualitative Performance Measures

Weight	Factor	Performance Factor	Incentive Schedule
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	Leadership (continued)	<p><u>External Investment Community:</u>  <u>By 6/30/09, represent CalPERS in the external investment community through meaningful and substantive engagement as follows:</u></p> <ul style="list-style-type: none"> <li>• <u>Service on external boards or committees; or</u></li> <li>• <u>Conducting presentations at conference or similar events; or</u></li> <li>• <u>Writing articles.</u></li> </ul>	From Schedule
1525%	<p><u>Integrated Approach Across INVO Asset Classes</u></p> <p><u>Investment Office Cultural Alignment and Strategic Initiatives</u></p>	<p>To achieve a more integrated investment approach across the existing asset classes, provide oversight and direction to accomplish the following:</p> <ul style="list-style-type: none"> <li>• <u>By 3/31/09, complete team building and leadership development program for all INVO employees, including follow-up survey to measure success of outcomes</u></li> <li>• <u>By 10/31/0812/31/08, establish the structure for and implement a cross-asset class team within the Investment Office to evaluate investment strategies and opportunities that fall outside the traditional asset classes.</u></li> <li>• <u>By 12/31/08, coordinate and implement within the Investment Office a mechanism for educating staff across the asset classes on the various asset classes and investment programs.</u></li> <li>• By 6/30/09, develop a unified approach to be used across asset classes for communicating with stakeholders.</li> <li>• By 06/30/09, report to Investment Committee on implementation of the above.</li> </ul>	From Schedule
15%	Pension System Resumption and Enterprise Transition Management	<p>Participate on PSR/ETM Steering Committee. Support project as it relates to Supplemental Income Plans</p> <p>The Pension System Resumption (PSR)/ Enterprise Transition Management (ETM) and Public Employer Readiness Team (PERT) Projects will be on track for operational implementation by Spring 2010 as measured by the following key milestones:</p> <p><b>By September 30, 2008:</b></p> <ul style="list-style-type: none"> <li>• Approve the revised ETM Project scope, budget and staffing plan and complete initial organizational readiness assessment.</li> </ul>	From Schedule

## Qualitative Performance Measures

Weight	Factor	Performance Factor	Incentive Schedule
	Pension System Resumption and	<p><b>By December 30, 2008:</b></p> <ul style="list-style-type: none"> <li>• Ensure PSR design activities are on schedule and the second ETM Change Readiness</li> </ul>	From Schedule

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	Enterprise Transition Management (cont.)	<p>Assessment is complete.</p> <p><b>By March 31, 2009:</b></p> <ul style="list-style-type: none"> <li>• Ensure implementation of new IT operational processes critical to PSR at “go live” is on schedule and the third Change Readiness Assessment is complete.</li> </ul> <p><b>By June 30, 2009:</b></p> <ul style="list-style-type: none"> <li>• Ensure scheduled PSR development activities, the Employer Education Web Conference Series and regulatory changes required to support PSR are complete.</li> <li>• Ensure final completion of ETM Change Readiness Assessment and the Organization Readiness Plans</li> </ul>	
65%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	